

# Structure of Transaction



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THE CITY OF SAN DIEGO

|   | Phase | Description   | Comments  | Conditions   |
|---|-------|---|---|--|
| Negotiations /<br>Conveyance            | 1     | Beginning: Execution of DDA<br>Ending: Acquisition of property from Navy      | 1. Developer funds portion of Agency costs.   |  |
| Planning,<br>Design and<br>Entitlements | 2     | Beginning: Acquisition from Navy<br>Ending: Conveyance to Master Developer    | 1. Master Developer completes all planning & entitlements (Specific Plan, Community Plan Amendment, Tentative Map & Final Map)<br><br>2. Historic Core divided into 2 areas (both are on ground leases):<br>Civic Arts & Culture area<br>Mixed-Use area | To protect the Agency's interest, the property will not be conveyed to the Master Developer until all of the following occur:<br><ul style="list-style-type: none"><li>• City/Coastal Commission approval of Precise Plan</li><li>• Recording Final Map</li><li>• Complete Subdivision Improvement Agreement</li><li>• Posting bonds:<ul style="list-style-type: none"><li>Infrastructure</li><li>Historic Core Vertical</li><li>Educational Core Vertical</li></ul></li><li>• All government approvals secured</li><li>• Insurance provided</li><li>• Financing for infrastructure &amp; Historic Core Vertical</li><li>• Creation of Civic, Arts &amp; Cultural Foundation<ul style="list-style-type: none"><li>Formation</li><li>Capitalization</li><li>Staffing</li><li>Implementation Plan</li></ul></li><li>• Title insurance in place</li><li>• Commitment to proceed</li></ul> |
| Site Prep and<br>Infrastructure         | 3     | Beginning: Conveyance to Master Developer<br>Ending: Conveyance to builder(s) | 1. Master Developer completes all infrastructure.<br><br>2. Master Developer's completion obligations secured by performance bonds.<br><br>3. Agency retains unsubordinated right of reverter.  | To protect the Agency's interest, Master Developer may not convey parcels to builders until all of the following occur:<br><ul style="list-style-type: none"><li>• Agency approval of a builder or builders for each parcel</li><li>• Related horizontal or vertical improvements complete</li><li>• City approval of drawings for specific parcels</li><li>• All entitlements secured</li><li>• Bonds posted with the Agency</li><li>• Financing &amp; insurance provided and approved</li><li>• Title insurance in place</li></ul>   |
| Building                                | 4     | Beginning: Conveyance to builder(s)<br>Ending: Construction of Project        | 1. After developer meets all Phase 4 conditions, Agency allows subordination of right of reverter to financing.   |  |